

### Subpart D—How Does the Secretary Allocate and Reallocate Funds to a State?

#### § 370.30 How does the Secretary allocate funds?

(a) The Secretary allocates the funds available under this part for any fiscal year to the States on the basis of the relative population of each State. The Secretary allocates at least \$50,000 to each State, unless the provisions of section 112(e)(1)(D) of the Act (which provides for increasing the minimum allotment if the appropriation for the CAP exceeds \$7,500,000 or the appropriation is increased by a certain percentage described in section 112(e)(1)(D)(ii) of the Act) are applicable.

(b) The Secretary allocates \$30,000 each, unless the provisions of section 112(e)(1)(D) of the Act are applicable, to American Samoa, Guam, the Virgin Islands, the Northern Mariana Islands, and the Republic of Palau, except that the Secretary allocates to the Republic of Palau only 75 percent of this allotment in fiscal year 1996, only 50 percent of this allotment in fiscal year 1997, only 25 percent of this allotment in fiscal year 1998, and none of this allotment in fiscal year 1999 and thereafter.

(c) Unless prohibited or otherwise provided by State law, regulation, or policy, the Secretary pays to the designated agency, from the State allotment under paragraph (a) or (b) of this section, the amount specified in the State's approved request. Because the designated agency is the eventual, if not the direct, recipient of the CAP funds, 34 CFR parts 74 and 81 apply to the designated agency, whether or not the designated agency is the actual recipient of the CAP grant. However, because it is the State that submits an application for and receives the CAP grant, the State remains the grantee for purposes of 34 CFR parts 76 and 80. In addition, both the State and the designated agency are considered recipients for purposes of 34 CFR part 81.

(Authority: 29 U.S.C. 732 (b) and (e); Pub. L. 101-219 (Dec. 12, 1989); Pub. L. 99-658 (Nov. 14, 1986); and Pub. L. 99-239 (Jan. 14, 1986))

#### § 370.31 How does the Secretary reallocate funds?

(a) The Secretary reallocates funds in accordance with section 112(e)(2) of the Act.

(b) A designated agency shall inform the Secretary at least 90 days before the end of the fiscal year for which CAP funds were received whether the designated agency is making available for reallocation any of those CAP funds that it will be unable to obligate in that fiscal year.

(Approved by the Office of Management and Budget under control number 1820-0520)

(Authority: 29 U.S.C. 711(c) and 732(e)(2))

### Subpart E—What Post-Award Conditions Must Be Met by a Designated Agency?

#### § 370.40 What are allowable costs?

(a) If the designated agency is a State or local government agency, the designated agency shall apply the cost principles in accordance with 34 CFR 80.22(b).

(b) If the designated agency is a private nonprofit organization, the designated agency shall apply the cost principles in accordance with subpart Q of 34 CFR part 74.

(c) In addition to those allowable costs established in EDGAR, and consistent with the program activities listed in § 370.4, the cost of travel in connection with the provision to a client or client applicant of assistance under this program is allowable. The cost of travel includes the cost of travel for an attendant if the attendant must accompany the client or client applicant.

(d) The State and the designated agency are accountable, both jointly and severally, to the Secretary for the proper use of funds made available under this part. However, the Secretary may choose to recover funds under the procedures in 34 CFR part 81 from either the State or the designated agency, or both, depending on the circumstances of each case.

(Authority: 29 U.S.C. 711(c) and 732(c)(3))